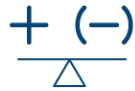




673.8 MSF

Inventory



5.0 MSF

Net Absorption



5.7%

Direct Vacancy



10.5%

Total Availability



18.7 MSF

Under Construction



\$0.82 NNN

Monthly Asking Rent

Construction Holds Steady Above 18M SF; Leasing Activity Saw 1.1M SF Lease in Katy/Far West

Market Observations

- Metro Houston's construction pipeline across all product types decreased slightly by the close of the third quarter with new development now totaling 18.7M SF.
- New leasing activity and net absorption are keeping pace with construction. Net absorption throughout Houston hit just over 5.0M SF during quarter with rolling four quarter net absorption reaching 14.6M SF. Additionally, leasing has sustained its steady rise since the first quarter with each of the two subsequent periods outperforming the previous reaching 2.8M SF in the past six months.
- Both direct vacancy and total availability rose 20 bps over Q2 now at 5.7% and 10.5%, respectively. Overall industrial monthly asking rents also received a bump this quarter with the metro concluding period with \$0.82 NNN PSF asking rate.
- Notable leasing activity announced during the quarter includes New York-based PepsiCo signing a 1.1M SF lease at I-10 West Trade Center, a 206-cross-dock warehouse/distribution facility in the Katy/Far West submarket. A second significant warehouse/distribution lease was also announced by Houston-based Panelmatic, an electric panels manufacturer, for 728,080 SF at WestPoint 45, in the North Far submarket.

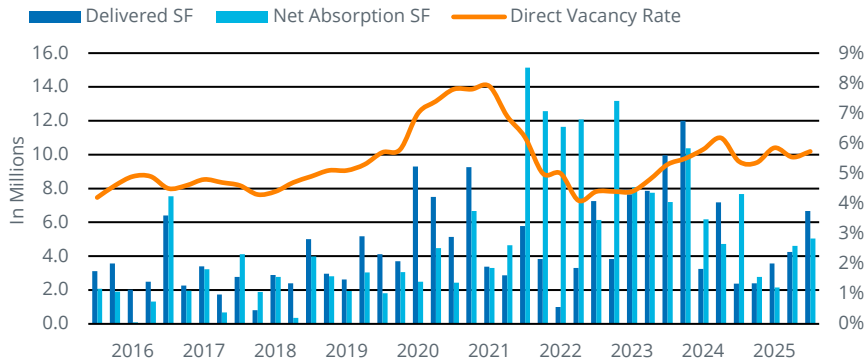




Houston INDUSTRIAL MARKET | Q3 2025

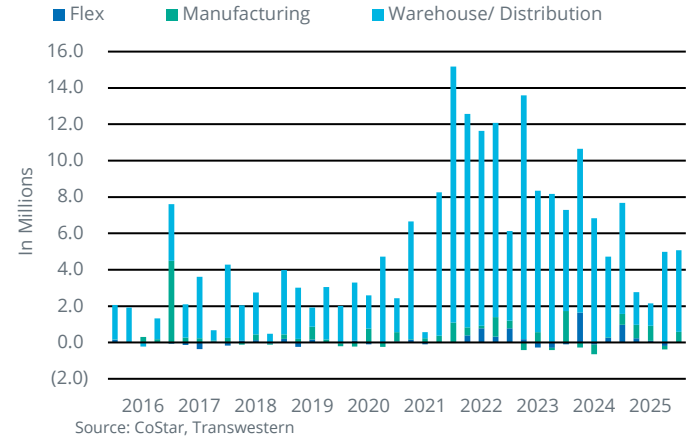
- Following Foxconn's plan to invest \$450M in the region announced during the second quarter, an additional news this quarter was Apple's August release stating it would add \$100 billion to an already planned \$500 billion investment plan with part of this planned investment to produce advanced servers going towards a 250,000 SF server Houston manufacturing facility. Mass production is set to take place here starting in 2026.
- Nearly all of the 14 Houston industrial submarkets have new construction projects underway. The total pipeline sits at just over 18.6M SF with one submarket, Northwest Far, eclipsing over 5M SF or nearly 31% of the market total.
- Three submarkets: East-Southeast Far, North Far, and South Far experienced the highest level of new demand across metro Houston with the submarkets booking over a million square feet each (the exact figures being 1.8M SF, 1.2M SF, and 1.0M SF, respectively). These submarkets hold just over 8.0M SF of new construction spread between all building subtypes with a large majority of all new development being found in warehouse/distribution. The three submarkets account for 43% of all new industrial development throughout Houston.

DELIVERY IMPACT ON KEY INDICATORS



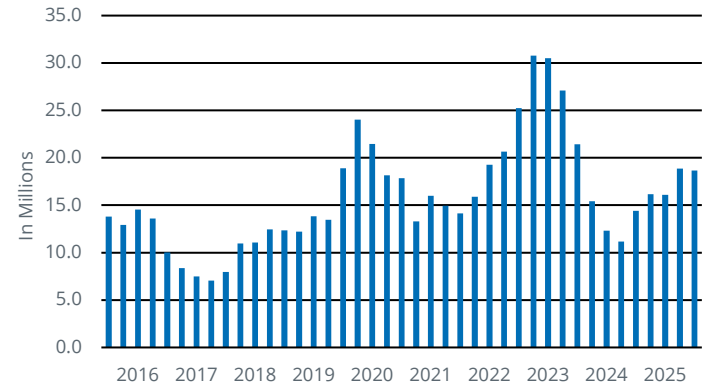
Source: CoStar, Transwestern

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



Houston INDUSTRIAL MARKET | Q3 2025

MARKET INDICATORS TABLE

All Classes of Space | Q3 2025

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT NNN, MONTHLY
CENTRAL BUSINESS DISTRICT								
FLEX/R&D	524,668	7,000	1.3%	1.6%	-	5,000	30,000	\$1.50
MANUFACTURING	4,878,662	29,890	0.6%	11.4%	-	38,000	80,000	\$0.55
WAREHOUSE/DISTRIBUTION	19,342,584	1,288,229	6.7%	10.0%	-	(54,000)	(596,000)	\$0.70
TOTAL - CENTRAL BUSINESS DISTRICT	24,745,914	1,325,119	5.4%	10.1%	-	(10,000)	(485,000)	\$0.68
EAST-SOUTHEAST FAR								
FLEX/R&D	2,574,292	138,346	5.4%	6.6%	-	19,000	66,000	\$0.85
MANUFACTURING	7,891,983	1,500	0.0%	1.8%	-	2,000	388,000	-
WAREHOUSE/DISTRIBUTION	90,007,397	8,438,443	9.4%	13.3%	3,330,569	1,828,000	2,973,000	\$0.65
TOTAL - EAST-SOUTHEAST FAR	100,473,672	8,578,289	8.5%	12.2%	3,330,569	1,849,000	3,426,000	\$0.65
EAST-SOUTHEAST NEAR								
FLEX/R&D	361,108	37,000	10.2%	9.5%	-	(31,000)	(31,000)	\$0.80
MANUFACTURING	9,452,043	124,300	1.3%	1.7%	-	-	(21,000)	\$0.50
WAREHOUSE/DISTRIBUTION	23,750,390	1,637,417	6.9%	13.1%	294,850	480,000	179,000	\$0.61
TOTAL - EAST-SOUTHEAST NEAR	33,563,541	1,798,717	5.4%	9.9%	294,850	449,000	127,000	\$0.61
KATY/FAR WEST								
FLEX/R&D	1,561,660	102,496	6.6%	9.7%	28,800	31,000	95,000	\$1.51
MANUFACTURING	1,300,912	71,032	5.5%	5.5%	247,674	-	(10,000)	\$1.32
WAREHOUSE/DISTRIBUTION	35,532,435	3,022,197	8.5%	13.5%	2,030,438	930,000	1,738,000	\$1.12
TOTAL - KATY/FAR WEST	38,395,007	3,195,725	8.3%	13.1%	2,306,912	962,000	1,824,000	\$1.14
NORTH FAR								
FLEX/R&D	8,823,665	473,760	5.4%	7.0%	68,000	(90,000)	(146,000)	\$0.86
MANUFACTURING	11,156,292	34,000	0.3%	3.7%	566,000	-	93,000	-
WAREHOUSE/DISTRIBUTION	80,989,336	4,365,712	5.4%	12.0%	1,776,329	1,211,000	1,170,000	\$0.78
TOTAL - NORTH FAR	100,969,293	4,873,472	4.8%	10.6%	2,410,329	1,121,000	1,117,000	\$0.78



Houston INDUSTRIAL MARKET | Q3 2025

MARKET INDICATORS TABLE

All Classes of Space | Q3 2025 – Cont.

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT NNN, MONTHLY
NORTH NEAR								
FLEX/R&D	983,196	65,209	6.6%	11.3%	-	(1,000)	35,000	\$0.67
MANUFACTURING	3,415,341	305,323	8.9%	9.0%	-	67,000	118,000	\$0.75
WAREHOUSE/DISTRIBUTION	17,268,578	800,332	4.6%	5.8%	79,635	(442,000)	(125,000)	\$0.57
TOTAL - NORTH NEAR	21,667,115	1,170,864	5.4%	6.6%	79,635	(376,000)	28,000	\$0.62
NORTHEAST								
FLEX/R&D	707,373	23,338	3.3%	3.7%	-	-	28,000	\$0.67
MANUFACTURING	10,751,527	228,858	2.1%	2.4%	-	56,000	233,000	\$0.78
WAREHOUSE/DISTRIBUTION	39,179,253	3,596,038	9.2%	13.5%	199,548	123,000	809,000	\$0.65
TOTAL - NORTHEAST	50,638,153	3,848,234	7.6%	11.0%	199,548	179,000	1,070,000	\$0.66
NORTHWEST FAR								
FLEX/R&D	3,979,021	450,924	11.3%	15.7%	-	3,000	128,000	\$0.78
MANUFACTURING	16,589,946	40,000	0.2%	8.9%	178,300	169,000	475,000	\$0.83
WAREHOUSE/DISTRIBUTION	66,999,762	3,568,146	5.3%	13.2%	5,621,570	(1,327,000)	1,431,000	\$0.99
TOTAL - NORTHWEST FAR	87,568,729	4,059,070	4.6%	12.5%	5,799,870	(1,155,000)	2,034,000	\$0.96
NORTHWEST NEAR								
FLEX/R&D	9,175,587	689,266	7.5%	10.4%	-	86,000	(130,000)	\$0.88
MANUFACTURING	8,698,494	139,452	1.6%	4.3%	-	40,000	102,000	\$1.23
WAREHOUSE/DISTRIBUTION	60,839,222	2,411,106	4.0%	8.1%	726,152	(38,000)	185,000	\$0.71
TOTAL - NORTHWEST NEAR	78,713,303	3,239,824	4.1%	7.9%	726,152	87,000	156,000	\$0.77
SOUTH FAR								
FLEX/R&D	1,429,755	46,049	3.2%	6.3%	-	32,000	290,000	\$0.79
MANUFACTURING	7,239,522	101,811	1.4%	1.9%	41,440	80,000	413,000	\$0.56
WAREHOUSE/DISTRIBUTION	32,407,437	1,197,853	3.7%	12.5%	2,310,981	915,000	3,072,000	\$0.71
TOTAL - SOUTH FAR	41,076,714	1,345,713	3.3%	10.4%	2,352,421	1,027,000	3,776,000	\$0.70



Houston INDUSTRIAL MARKET | Q3 2025

MARKET INDICATORS TABLE

All Classes of Space | Q3 2025 – Cont.

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	ASKING RENT NNN, MONTHLY
SOUTH NEAR								
FLEX/R&D	997,053	286,869	28.8%	33.3%	-	(56,000)	(208,000)	\$0.84
MANUFACTURING	1,582,298	22,000	1.4%	1.5%	-	-	(22,000)	\$0.90
WAREHOUSE/DISTRIBUTION	7,875,373	456,935	5.8%	9.0%	251,444	(226,000)	(128,000)	\$0.53
TOTAL - SOUTH NEAR	10,454,724	765,804	7.3%	10.2%	251,444	(282,000)	(358,000)	\$0.64
SOUTHWEST FAR								
FLEX/R&D	2,080,402	254,973	12.3%	16.5%	-	(36,000)	(49,000)	\$2.04
MANUFACTURING	1,607,576	-	-	8.0%	-	127,000	88,000	-
WAREHOUSE/DISTRIBUTION	19,195,515	2,023,267	10.5%	13.1%	257,773	829,000	1,183,000	\$0.70
TOTAL - SOUTHWEST FAR	22,883,493	-	10.0%	13.1%	257,773	919,000	1,221,000	\$0.87
SOUTHWEST NEAR								
FLEX/R&D	5,560,332	375,251	6.7%	9.3%	-	(11,000)	(111,000)	\$0.94
MANUFACTURING	3,160,822	-	-	0.2%	-	-	23,000	-
WAREHOUSE/DISTRIBUTION	30,242,322	1,095,523	3.6%	7.2%	389,265	292,000	589,000	\$1.20
TOTAL - SOUTHWEST NEAR	38,963,476	1,470,774	3.8%	7.0%	389,265	281,000	501,000	\$1.15
SUGAR LAND								
FLEX/R&D	2,583,768	87,974	3.4%	8.7%	-	32,000	113,000	\$1.19
MANUFACTURING	2,144,623	-	-	-	-	-	5,000	-
WAREHOUSE/DISTRIBUTION	19,030,190	575,405	3.0%	6.3%	278,224	(35,000)	15,000	\$1.02
TOTAL - SUGAR LAND	23,758,581	663,379	2.8%	6.0%	278,224	(3,000)	134,000	\$1.05
HOUSTON								
FLEX/R&D	41,341,880	3,038,455	7.3%	10.2%	96,800	(17,000)	110,000	\$0.98
MANUFACTURING	89,870,041	1,098,166	1.2%	4.5%	1,033,414	579,000	1,965,000	\$0.92
WAREHOUSE/DISTRIBUTION	542,659,794	34,476,603	6.4%	11.5%	17,546,778	4,486,000	12,495,000	\$0.80
TOTAL - HOUSTON	673,871,715	38,613,224	5.7%	10.5%	18,676,992	5,048,000	14,570,000	\$0.82



Research Methodology

The information in this report is the result of a compilation of information on Flex, Manufacturing, and Warehouse/Distribution properties located in the Houston metro area. This report includes single tenant, multi-tenant and owner-user properties 25,000 SF and larger, excluding data centers, biotech, and properties owned by a government agency. Transwestern calculates Net Absorption as “Net Leasing,” or change in immediately available space. Space returned to market registers as negative absorption; Space leased or reoccupied registers as positive absorption. Transwestern’s methodology provides a real-time indicator of supply and demand in the space market that eliminates time lags and incomplete information inherent to tracking physical move-ins & move-outs.

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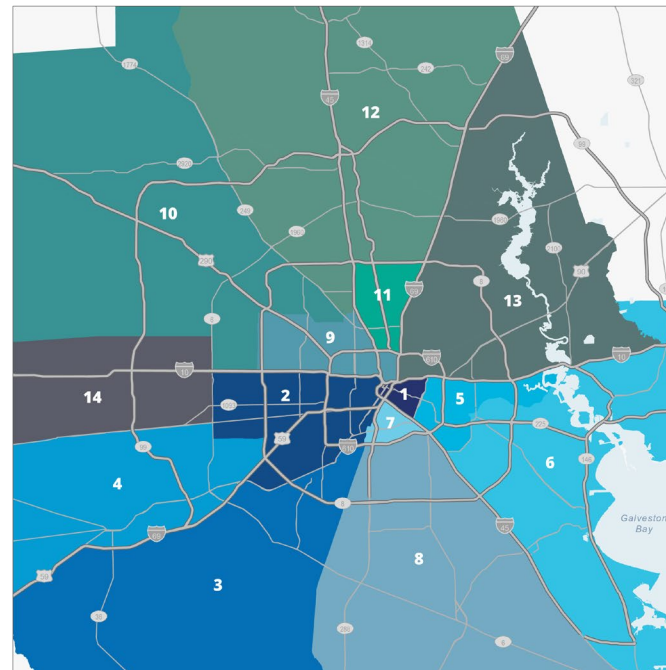
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Houston Industrial Submarkets

- 1 Houston CBD
- Southwest**
- 2 Southwest Near
- 3 Southwest Far
- 4 Sugar Land/Southwest
- Southeast**
- 5 East-Southeast Near
- 6 East-Southeast Far
- South**
- 7 South Near
- 8 South Far
- Northwest**
- 9 Northwest Near
- 10 Northwest Far
- North**
- 11 North Near
- 12 North Far
- Northeast**
- 13 Northeast
- West**
- 14 Katy/Far West